



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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July 3, 2000

Steve Flechner, President
North Lily Mining Company
1800 Glenarm Place, Suite 210
Denver, Colorado 80202

Re: Bond Recalculation, North Lily Mining Company, Tintic Project, M/023/007, Juab County, Utah

Dear Mr Flechner:

Attached is a copy of the Tintic Project bond amount. This bond reflects a two year escalation as agreed to in the July 3, 2000 telephone conference with Lowell Braxton. Because of the many changes since the initial Tintic Project Reclamation Contract was signed, a new Reclamation Contract (RC) has been enclosed for your signature. This new RC is necessary to document any corporate changes that North Lily may have and changes the amount of the 2002, escalated bond amount. The Division has partially completed a new RC and would appreciate North Lily's assistance in filling in the remaining information on the form. A copy of the existing 1991 RC and Certificate of Deposit (CD) is also included for any questions or referrals you may have.

The Division understands that a CD will be issued in the amount of \$36,200 to cover the difference in the present CD and the amount shown on the enclosed surety estimate.

The Division appreciates your immediate attention to this matter and looks forward to working with you this year to facilitate the closure of the Tintic Project. If you have any questions regarding this letter or these forms, please contact me at (801) 538-5382.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Attachment: Surety Estimate

Enclosure: MR-RC & CD dated 1991, partially completed RC, current CD form
M23-07.bondltr

0012

1	RECLAMATION SURETY ESTIMATE					
2	North Lily Mining Company		last revision		06/22/00	
3	Tintic Project		filename M023-007.WB2			
4	M/023/007		Juab County			
5	Prepared by Utah State Division of Oil, Gas & Mining					
6	-This estimate uses a D8 size dozer for most earthwork					
7						
8						
9						
10	Acreage Totals					
11	Heaps - 16.6 Buildings - 1 Topsoil Area - 3.2 Borrow - 2.6 Ponds - 1.2					
12						
13						
14						
15						
16						
17	Note: actual unit costs may vary according to site conditions last unit cost update 08/25/99					
18	-Amount of disturbed area which will receive reclamation treatments =				24.6 acres	
19	-Estimated total disturbed area for this mine =				24.6 acres	
20	Activity	Quantity	Units	\$/unit	\$	
21	Safety gates, signs, etc. (mtls & installation)	0	sum	200	0	
22					(1)	
23	Demolition of buildings & facilities	1	lump sum		5,000	
24	Debris & equipment removal - trucking	10	trips	48	480	
25	Debris & equipment removal - dump fees	100	ton	55	5,500	
26	Debris & equipment removal - loading trucks w/FE loader	16	hours	176	2,816	
27	Demolition & debris removal - general labor	60	hours	15	900	
28	Regrading facilities areas (1 ft depth)	1.0	acre	470	470	
29	Hazardous Waste Disposal	1	lump sum	10000	10,000	
30	Regrading heap slopes	26,000	CY	0.47	12,220	
31	Regrade Solution Ponds	12,000	CY	0.47	5,640	
32					(8)	
33	Ripping stockpile & compacted areas	5.8	acre	220	1,276	
34					(9)	
35	Ripping site - prior to seeding	18.8	acre	220	4,136	
36	Ripping pit access roads	0.0	acre	220	0	
37	Creating safety berms or barriers around highwalls	0	LF	0.15	0	
38					(10)	
39	Ripping access roads - dozer	0.0	acre	220	0	
40	Regrading access roads - dozer	0.0	acre	470	0	
41	Sidecast mtl replacement on steep roads- trackhoe	0	LF	0.85	0	
42	Surface drainage restoration or construction	0	LF	0.15	0	
43					(10)	
44	Topsoil replacement - dozer	0	CY	0.47	0	
45	Topsoil replacement - scraper	0	CY	1.05	0	
46	Topsoil replacement - truck & FE loader	38,000	CY	2.55	96,900	
47					(14)	
48	Mulching (2 ton/acre alfalfa)	0.0	acre	160	0	
49	Fertilizing (100 lb/acre diammonium phosphate)	0.0	acre	90	0	
50	Composted manure (10 ton/acre)	24.6	acre	300	7,380	
51	Broadcast seeding	24.6	acre	170	4,182	
52	Drill seeding	0.0	acre	150	0	
53	Hydroseeding	0.0	acre	800	0	
54					(00)	
55	General site cleanup & trash removal	21.4	acre	50	1,070	
56					(00)	
57	Equipment mobilization	2	equip	1000	2,000	
58					(00)	
59	Reclamation Supervision	10	days	372	3,720	
60					(15)	
61	10% Contingency		Subtotal		163,690	
62					16,369	
63	Escalate for 2 years at 3.13% per yr		Subtotal		\$180,059	
64					11,448	
65			Total		\$191,507	
66						
	Rounded surety amount in yr 2002-\$				\$191,500	
	Average cost per disturbed acre =				\$7,785	